

Economy for Re-armament?

WHO
CONTROLS
WEST GERMAN
INDUSTRY ?

*How the Ruhr Magnates
have made a come-back*

6^D.

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FOREWORD

MR. BEVIN said : " there could be no other solution " than that of transferring the heavy industries of the Ruhr to public ownership.

" These industries," he told the House of Commons on October 22nd, 1946, " were previously in the hands of magnates who were closely allied to the German military machine, who financed Hitler, and who in two wars were part and parcel of Germany's aggressive policy. We have no desire to see these gentlemen or their like return to a position which they have abused with such tragic results. . . . Our intention is that these industries shall be owned and controlled in future by the public. The case for the public ownership of those heavy industries was never stronger than it is in Germany to-day."

And on March 24th, 1949, Mr. Bevin said " if German industry before Hitler had been owned by the public there would never have been a war."

THE MEN WHO PUT HITLER INTO POWER

THYSSEN has described in his book *I Paid Hitler* how he, Stinnes, Kirdorf and other Ruhr steel magnates had put money into the Nazi Party after the attempted Munich Putsch of 1923. In 1931 the Ruhr Coal Owners' Association, of which Kirdorf was Chairman, levied 50 pfennigs (6d.) on every ton of coal sold, for the Nazi Party. Kirdorf had joined the Nazi Party himself in 1927.

Many of the great industrialists held back, however, until the crucial early months of 1933. In the November General Election of 1932 the Nazi's vote had dropped from nearly 14 million to 11 million. They only held 196 seats compared with the Social Democrats' and Communists' combined 221 seats.

Baron Georg von Schnitzler, chief of I.G. Farben's sales department, has told us what then happened, on February 20th, 1933 ^(a) (He gave this statement to his American interrogators in 1945; see *I.G. Farben*, by Richard Sasuly, who was chief of Financial Intelligence in the Finance Division of U.S. Military Government 1945) :

"... four members of the Vorstand (managing directors) of I.G. Farben including Dr. Bosch, the head of the Vorstand, and myself were asked by the office of the President of the Reichstag (Goering) to attend a meeting in his house. . . . I went to the meeting, which was attended by about 20 persons who, I believe, were mostly leading industrialists from the Ruhr."

Among the men von Schnitzler listed were Schacht, Krupp von Bohlen and Albert Voegler, the leader of the great steel trust, Vereinigte Stahlwerke. Schnitzler goes on :

"... Dr. Schacht acted as a kind of host. While I had expected the appearance of Goering, Hitler entered the room, shook hands with everybody and took a seat at the head of the table. In a long speech he talked mainly about the danger of Communism, over which he pretended he had just won a decisive victory.

"... Krupp von Bohlen thanked Hitler for his speech. After Hitler had left the room, Dr. Schacht proposed to the meeting the raising of an election fund from those present of RM. 3,000,000."

(a) I.G. Farben was the leading chemical trust, as Krupps were a leading arms and heavy industry concern. Dr. Schacht is the leading banker. See Basil Davidson, *Germany: What Now?* Muller.

The money was given, I.G. Farben contributing ten per cent. of the whole fund and Krupp adding a further million. On February 27th the Nazis set fire to the Reichstag, Nazi troopers began to beat up anti-fascists of every hue, and in the March elections the Nazis' vote went up by 6 million. In the space of a few months the remaining minority parties were banned and the trade unions were broken.

From that time on, regular payments were made into Nazi Party funds and S.S. funds through Baron Kurt von Schroeder and his J. H. Stein bank in Cologne. Payments were made at the rate of about 9 million marks a year into special accounts in the Stein Bank and Schroeder then forwarded the money to Himmler. Von Schnitzler, for example, whom we have met above, paid a steady \$40,000 a year into Sonderkonto "S" of the Stein Bank (see J. S. Martin *All Honorable Men* ^(b)). It was also von Schroeder who introduced Hitler to von Papen at the historic meeting of January 7th, 1933, when these two joined forces. We shall see later that Schroeder is again back at work to-day—one of the leading magnates of the Ruhr.

GERMAN INDUSTRIAL RECOVERY

There has been a rapid recovery in Western Germany industrially. The national income per head of West Germany (1948=100) passed the pre-war level (120) in 1951 (124) and was 131 in 1952. The increase in U.K. 1948-52 was 10% ; in U.S.A. 11%.

The volume of exports of Western Germany rose in 1952 by 54% over 1950 (and by 33% over pre-war). By the end of 1953, the volume was nearly double the 1950 level (95% higher).

Industrial production by the end of 1953 was 56% higher than in 1950 ; 75% higher than pre-war.

The question is : *who it is that is directing all this activity?* This is a question not only of industrial recovery but of the uses to which the recovery may be put, the industrial policies to be pursued. It will be remembered that during the war and immediately after it—at Potsdam—the policy was laid down of breaking up the German trusts ; de-cartelisation it was called ^(c).

(b) Little Brown and Co., Boston, 1950.

(c) The background story is told by Basil Davidson (*op. cit.*).

It was at least thought that the Ruhr barons would not march again, that, while German industry would recover, the leadership of the firms would not again fall to those—or to the types of those—who financed and supported Hitler and the Nazis. It was perhaps hoped too that the same type of trust organisation would not evolve.

What has happened ?

GERMAN MONOPOLIES IN POWER AGAIN

We can start the story in April 1948, when the U.S. Secretary of the Army, Kenneth G. Royall, appointed the so-called Fergusson Committee to report on the progress of deconcentration of industry in Germany.

At that time, of 500 enterprises to be investigated, 61 were being checked and only one case was being proceeded with, and that one was later dropped. The fruits of this policy of leaving the great German monopolies to reorganise are now becoming plain for all to see.

The destruction of German industry, as opposed to transport and housing, was in any case much less than is imagined. According to the U.S. strategic bombing survey, German war production in 1944 was 280% of 1942. Tank production reached its peak in the fourth quarter of 1944. Aircraft production increased from 15,000 in 1942 to 40,000 in 1944. German factories like the I.G. Farben works in Frankfurt and the Krupp works in Essen were quite untouched by bombing.

Certain industrial leaders who were found at the Nuremberg trials to have financed and supported Hitler throughout his career and to have used slave labour in their factories during the war were sentenced to varying terms of imprisonment and their holdings confiscated. Of these, most are now free men.

Alfred Krupp

—head of the 110 German and 41 foreign firms in the Krupp empire and holder of substantial shares in 127 German and 25 foreign firms, was released from jail last year and recovered his fortune of \$500 million. In May 1953, he cancelled his factory trade union

agreement which pledged that no arms production would take place in the works. Recent additions to the Krupp empire, now called Hutten u. Bergwerke A.G. Rheinhausen, are the Weser shipyards in Bremen; the Ardeltwerke concern in Wilhelmshaven; and the Dolberg firm in Dortmund. Krupp was recently granted loans from the Bonn Government of West Germany to restart military production.

Friedrich Flick

—a leading figure in the great United Steel combine, who replaced Thyssen in 1939 as Hitler's top steel man—has now had his entire coal and steel empire returned to him and is expected to be released shortly from the jail to which a U.S. Court sent him in 1947 for murdering slave workers.

Hjalmar Schacht

—Hitler's financial wizard, was after several trials and retrials "denazified" by a U.S. court in 1950 and is now busily at work again. He is organising a new West German Bank and quite recently attended a meeting of I.G. Farben and other chemical industry leaders with Chancellor Adenauer and the U.S. High Commissioner in Germany (see below).

Wilhelm Zangen

—one of the leading directors of the war economy, chairman of the Reichsgruppe Industrie, and a member of Goering's Armaments Council, was never imprisoned or dispossessed and is back again directing Mannesmann's, the great steel combine, of which he was managing director before the war.

Kurt von Schroeder

—of J. H. Stein, the great Cologne banking house and many other companies, who kept the Ruhr industrialists' accounts for contributions to the Nazi Party, is back at work in the Ruhr after the briefest period of imprisonment.

Wolf von Witzleben

—another of Hitler's war economy directors and director of the Berlin Siemens works, is back at work with Siemens.

Heinrich Dinkelbach

—Flick's assistant on the United Steel board and a member of the Nazi Party from 1938, was found in 1946 to have "no mental relations with Nazi ideology" (*Times* 1.3.47) and became first principal adviser to the British for the Ruhr steel industries and then chairman of the reorganised United Steel.

HOW THEY HAVE DONE IT

The restoration of German industry has been financed largely out of American funds and through the hands of the same men as in the 1920's. The process is best seen in relation to the leading figure, Herr Hermann Abs. Abs was one of the most important directors of the great Deutsche Bank before the war and responsible for channeling the Dawes and Young loans of the 1920s into German heavy industry. Abs became one of Hitler's leading financial advisers, retaining close connections with heavy industry and particularly the huge Haniel family concerns in Nuremberg and elsewhere. He was also on the boards of I.G. Farben, Sudost Montan, Siemens, etc., before the war.

According to the U.S. Office of Military Government, November 1946 :

"Abs was the leading spirit of the Deutsche Bank, which combined an unusual concentration of economic power with active collaboration in the criminal policies of the Nazi regime. Abs . . . devoted his entire attention to extending German domination throughout Europe."

Abs once figured on the automatic arrest list of Nazi war criminals prepared by the Allies. Early on in the occupation, however, he was employed as financial adviser to the British Supreme Commander. In 1948 a Reconstruction Loan Corporation was established by the U.S. Authorities in Western Germany with August Schniewind, a former assistant to Dr. Schacht at the Reichs Bank, as Chairman and Abs as Vice-Chairman. This corporation channelled many million marks in loans to German firms. The main source of loans was the counterpart funds from Marshall Aid deliveries. After 1950 U.S. private as well as government investment was channelled by this corporation.

In 1952 Abs became Chairman of the Deutsche Bank and is now a director of 29 other concerns. He has recently become Chairman of the new Council to reunite I.G. Farben. In 1952 Chancellor Adenauer appointed Abs to negotiate the German debt settlement with the Western Powers and as a result in February 1953, German big business debts of the pre-war, war and post-war periods were fixed at nearly \$3,000 million. This means that the German taxpayer will have to pay these off for the German monopolies to the American and other capitalists who lent the money.

Thus, in Herman Abs alone, all the old strings of the pre-war German cartel structure that financed and controlled Hitler have been tied together again—Deutsche Bank, Ruhr heavy industry, I.G. Farben, American loans.

Abs' latest job has been a visit to London in February 1954 as Chairman of the Economic Committee of the Council of Europe to discuss with British Commonwealth representatives the possibilities of opening up European and Empire trade. In whose interests?

Those giant monopolies which had been expecting some action to break up their power are now happily going ahead with developments and re-integration plans.

The *Manchester Guardian* (5.12.53) published an article under the heading: "The Cartels return: Germans Undo Allied Policy." "Their intention of eliminating political pressure groups was the main reason why the Allies decided to break up the industrial trusts." The German proposals for anti-cartel legislation are weak even in theory and non-existent in fact:

"The 'big three' German banks have already begun to frame a common policy which expresses itself in identical annual reports. Key steel plants have already been given back 75 per cent. of their coking coal supplies, which they may own once more. The five major aeroplane constructors—Heinkel, Dornier, Messerschmidt, Focke-Wulfe and Daimler-Benz have formed the 'Aero Union' and will, as Dr. Claudius Dornier put it, 'avoid fighting each other economically.' Observers have even forecast the reconstruction of the I.G. Farben combine—originally due to be split into over a hundred components and eventually divided into three huge and two 'small.' The Germans, it is sure, want a disciplined and cohesive economy. They believe that cartels will play their part in that and that Allied action in destroying the trusts was no more 'final' than that of the child who knocks down his bricks—only to build them up again to-morrow."

In shipbuilding, capital from the Ruhr has been piling in, under special subsidy agreements. There are other examples of the return of the trusts.

BANKS

The old Deutsche Bank now advertises in half a page of the London *Economist* in four identical squares for the North, South, Berlin and Rhine Deutsche Bank, each formerly the Deutsche Bank — The Deutsche Bank that had interests in every German monopoly before the war. The directors of the Deutsche Bank in 1941 and to-day were :

1941 Deutsche Bank

Erich Bechtolf
Oswald Roesler
Fritz Wintermantel
Karl von Halt
Karl Schirner
Hermann J. Abs
Florian Kloeckner
Hugo Henkel

1954 Successor Banks

(after decartelization)

Erich Bechtolf
Oswald Roesler
Fritz Wintermantel
Karl von Halt
Karl Schirner
Hermann J. Abs
Guenter Henle (Kloeckner's son-in-law)
Jost Henkel (Hugo's son)

Compare the boards of the other two big banks ; also de-cartelized :

Dresdner Bank

1941

Hugo Zinsser
Hans Schippel
Erwin Dirks
Karl Goetz
Karl Schleipen

1954

Hugo Zinsser
Hans Schippel
Erwin Dirks
Karl Goetz
Karl Schleipen

Commerz Bank

1941

Theo Goldschmidt
Heinrich Fleitmann
Wilhelm Vorwerk
Hans Erkelenz
Wilhelm Nueber
Karl Nottebohm

1954

Theo Goldschmidt
Heinrich Fleitmann
Wilhelm Vorwerk
Hans Erkelenz
Wilhelm Nueber
Wilhelm Nottebohm (Karl's son)

Combined capital of these three banks is already 58.9% above 1937.

I.G. FARBEN

On March 21st, 1953, the *Times* announced :

"The final plans for the deconcentration of the German dye trust, I.G. Farbenindustrie were announced by the Allied High Commissioner to-day. They will give much satisfaction to the shareholders for the terms are generous."

This is the I.G. Farben that controlled practically the whole chemical and synthetic petrol and rubber as well as explosives and poison gas production of Germany, and through its cartel relations with Standard Oil, I.C.I., Du Pont and the U.S. Aluminium Co. helped to control production outside Germany as well. And most of the I.G. Farben directors, including Otto Ambros, manager of the Auschwitz gas plant, are back at work. The company is now largely re-amalgamated under an Advisory Council called "Badischen Anilin und Sodafabrik Ludwigshaven" of which Hermann Abs is Chairman. In 1952 it invested 255,400,000 marks and made net profits of 28,800,000 marks. It produced 602,000 tons of nitrogen (1936 312,000 tons) and 738,000 tons of calcium carbide (1936, 519,000 tons).

I.G. has now got its own men in the following important positions :

George von Broich-Oppert	Bonn Minister to Norway
Dr. Wilhelm Haas	Bonn Ambassador to Turkey
Dr. Fritz Kuebler	Bonn Attache in Bolivia
Count Lerchenfeld	Bonn Mission in Greece
Count von Hardenberg	Bonn Legation in Yugoslavia
Dr. Lutz Gielhammer	Senior Adviser to Bonn Finance Ministry

According to *Industriekurier*, the mouthpiece of West German heavy industry, a conference was held at Baden Baden in late October 1953 with Dr. Adenauer and the U.S. High Commissioner, Dr. Conant, present, at which I.G. Farben demanded complete restoration of its former positions at home and abroad, conclusion of monopoly agreements with the international chemical concerns and re-establishment of a single chemical trust by merging the various firms formed after decartelization. Herr Menne, President of the Federation of Chemical Industries, insisted on tax privileges, money for chemical research and over 1,000 million marks a year for expansion.

As *Industriekurier* put it :

"When an industrial group which controls production facilities valued at over 10,000 million marks meets after the Parliamentary elections and advances its economic and political demands, there is every reason to study them with especial attention."

UNITED STEEL

The United Steel Company was Flick's and Thyssen's great empire, and was set on its feet after 1918 by the U.S. Dawes loans. It controlled nearly a quarter of German coal and half German iron and steel production and most of the rest of Europe's steel and coal production too, through the International Steel Cartel. This company was put back by the Control Commission into the hands of Herr Dinkelbach, Flick's closest adviser, who was to act as trustee until final ownership was determined. The iron and steel kings also had a meeting with Dr. Adenauer, similar to the chemical industry's Baden Baden meeting. They asked for freedom to revive cartels, a favourable tax policy and government investment in iron and steel of 3,000—5,000 million marks over the next four years. Those present included Hjalmar Schacht, Hugo Stinnes, Franz von Papen, Heinrich Dinkelbach. (Baumann, *Eine Handvoll Konzern Herren* (Berlin, 1953.)

KRUPPS

Krupps is already back in the family hands. Mannesmann, of which Wilhelm Zangen, Hitler's Industrial Director, is still the manager, and the other giants of the Ruhr are all in business as usual and indeed greatly expanding their plant.

Steel making capacity is to rise to 20.5m. tons by 1955. Annual investment at the rate of £60m. is planned. £17m. is for Thyssen alone. And much is already under way.

The Krupp invasion of the East is particularly striking. On December 21st 1953 Krupp & Demag signed contracts to supply the Indian Government with a steel mill to produce 500,000 tons, expanding by stages to 1m. tons annually. The German firms have a 20% partnership in this \$150m. dollar scheme. Krupps' offer of £4.3 credit from German banks won the German firms the contract. (*Financial*

Times 23.12.53.) A smaller steel plant is also being built for Pakistan (*Wall St. Journal* 15.12.53.) Krupp also has exclusive rights in Pakistan for mineral prospecting.

On November 22nd the Indian Embassy in Bonn announced that orders for 620 locomotives, mostly diesel, valued at £40m. had been placed in Western Germany. Japanese and Austrian firms also won orders for locomotives for India (Japan 100 locos).

Other foreign orders for German locomotives are : 40 for South Africa, 38 for Turkey, 20 for Sweden, and an unspecified number for Norway. (*Financial Times* 30.11.53.)

Krupp is building steel mills in Brazil, Egypt, Norway, Greece, Turkey and Africa as well as in India and Pakistan.

And now Germany starts atomic development. (*Sunday Express* 7.3.54) And, in the Bonn Parliament (December 7th, 1953) Dr. Adenauer said :

“ Allow me to tell you what these industries are : they are for the manufacture of atom weapons, chemical weapons, bacteriological weapons, V-weapons, warships and military planes.”

THE TRUSTS AND THE GOVERNMENT

The German trusts have personal contacts with Adenauer's Government and in the Bonn Parliament.

Dr. Adenauer

—himself has close connections with the Rheinische-Westphalien electricity concern ; the Rayon Textile Federation, the Cologne banking house of Stein, the Oppenheim-Pferdmenges banking interests, Junkers Aviation and, through his son, with the Werhahn banking house.

Hans Seebohm

—Minister of Transport, is Chairman of the Federation of Lower Saxony foundry owners, a director of the Industrie Kredit Bank in Duesseldorf and has large interests in oil.

Robert Tillmanns

—Minister without Portfolio, was Friedrich Flick's private secretary during the Nazi period.

Franz Bluecher

—Vice-Chancellor and Minister for Economic Co-operation, who is a director of one of Flick's Essen banks, described himself in 1953 as follows: "I represent economic and financial policy in the interests of German heavy industry."

Viktor Preusker

—Housing Minister, is another banker who was head of the German business division of the great Dresdner Bank and responsible for its confiscation of Jewish property.

Dr. Erhard

—Minister of Economy, was head of Hitler's Business Research Institute and is closely connected with the Ruhr iron and coal industry.

Gerhard Schroeder

—Minister of Home Affairs, speaks for the Kloeckner concerns.

Franz Wuermeling

—Minister for Family and Youth Affairs, represents the Westhahn banking house.

Members of the Bonn Parliament include:

Robert Pferdmenges

—a close personal aide of Chancellor Adenauer, he is chairman of the Private Bankers' Association and director of 42 companies. He made his fortune by "aryanising" the Jewish Cologne Banking House of Oppenheim and sat on Flick's steel trust board. He negotiated for Adenauer's Government in setting up the Schuman Coal and Steel Pool.

Otto von Bismarck

—grandson of the Iron Chancellor, is one of the backers of Hjalmar Schacht's new West German Bank.

Dr. Martin Blanck

—is a director of the Gute Hoffnung iron complex in Nuremberg—a branch of the Haniel family firm.

Dr. Hanshellhausen

—is another Haniel director.

Hugo Schernberg

—is chairman of the Hamburger Kredit Bank, part successor of the Dresdner Bank.

Dr. Mueser

—is a director of Carolinengluck and Moltke Mines and of the Steel Trust.

General Berendsen

—once on the Nazi General Staff, now heads a Kloeckner subsidiary.

Dr. Pohle

—is a legal adviser to Mannesmann.

These are a few of the 76 bankers and businessmen in the Bonn Parliament. Have the objectives changed? From the aims, say, of Rochling, a leading industrialist, before the war:

"We need Europe and we need the East. There is only room for one big industry and that is Germany's industry."

Herr Balder Zimmermann, formerly General Zimmermann, who now has a position in the Adenauer Government as publicist of the military manuals to be issued by the new German Army, said:

"As I see it war is inevitable and the side which strikes first with all the force of atomic weapons will win. The future lies with whoever wages a preventive war. . . . The tension between East and West will continue indefinitely and will be broken only by war."

(Quoted by Mr. Foot, M.P., from the *Sunday Express*, March 4th, 1953.)

And, as Mr. Foot also quoted, Adenauer has said:

"However, our chief reason for wanting to enter the European Army is to be able to recover our Eastern territories." (December 1951.)

At present the direction is eastward: but the claims of German finance and industry to expand into the whole of Europe to the Middle East and African and Asian colonies have been, according to the British diplomat, Sir Victor Wellesley (*Diplomacy in Fetters*) the fundamental causes of two wars.

He quotes Dr. Schacht, "Germany's greatest economic and financial expert":

"We must demand again and again: give the German people living space in the world."

INTERNATIONAL CONNECTIONS

Connections between leading U.S. trusts and Ruhr trusts were exposed in many industries during the course of investigations by the Washington Government in the last war. After the war, in many instances, these or similar connections were re-established, sometimes by bankers in military uniform, sometimes by bankers or industrialists in other guises: industrialists appeared in the industry branch of U.S. military government. Among them were those who "protected and covered" the pre-war cartels.^(d) Many of the leading U.S. "internationals" have branch firms in the Ruhr.

(d) See *All Honorable Men* and *Diary of Democracy*, H. A. Toulmin (New York 1947).

Similarly there are British connections. Before the war, under the Chamberlain Government, efforts were made to establish formal "top level" contacts : the Duesseldorf meetings between representatives of the Federation of British Industries and the Reichsgruppe Industrie.^(e)

On January 21st 1954, the *Financial Times* reported that West Germany was about to resume full transfer of current earnings from foreign capital invested in Germany. Transfers were suspended in 1932. The next day, the *Financial Times* commented :

"Some of the largest U.K. companies have had subsidiaries in Germany for a number of years and the total of private British capital invested in German industry is considerable."

"Many of the plants in which British companies are interested were severely damaged by the war but in company with the rest of German industry, big recoveries have been achieved by local managements in the past few years."

"About 40 U.K. companies are understood to have subsidiaries or interests in German businesses. Among them are Unilever, Shell, Anglo-Iranian Oil Company, Babcock & Wilcox, I.C.I., Ever Ready, E.M.I., Pinchin Johnson, Rawlplug, Courtaulds, J. & P. Coats, and Baker Perkins."

"Prudential Assurance has a substantial investment interest in Western Germany."

COAL AND STEEL INVESTMENT

The main avenue of U.S. investment in W. Germany now, apart from sister-firms, is expected to be in the European Coal and Steel Community, the organ of the "**Schuman Plan.**" This is the organisation of coal and steel producers in the west European continent. Already West Germany is the largest producer in the Pool ; already the old cartels are re-emerging (see *Times Review of Industry*, January 1954).

The Schuman Plan authority is supposed to prohibit the operation of monopolies or cartels but in fact within the Pool a cartel is already at work, levelling up steel prices and fixing export prices. So far the Authority has taken no action to prevent this. Discussions have taken place with B.I.S.F. representatives but at present a minor price war has broken out between Britain and the Pool in export markets.

A Five-year Plan has been drawn up by the Authority to raise coal output by 35 million tons and steel by 8 million tons at a cost of \$1,000m. capital investment. As at the same time production restriction

(e) For further information, see *Labour Research*, 1938 and 1939, where it was pointed out that the Neville Chamberlain policy had its economic side, carried out by Hudson and the F.B.I.

is already being practised, it is clear that such investment will drive the less efficient older pits and mills out of business. It is also clear that much of the capital investment (see above) is already being carried out in Western Germany. The pattern becomes obvious. Moreover, half of the \$1,000 million is expected to come from a U.S. loan. The *Financial Times* (17.5.53) comments :

“ the High Authority is regarded by American interests as being a convenient means of taking an interest in the expansion of the European steel industry.”

CONCLUSION

The recovery of Western Germany, especially of the Ruhr, has meant the re-emergence of the trusts and the financiers and bankers of the trusts. In their trade policy they have shown themselves aggressive alike in making bilateral agreements, in extending credits and in squeezing costs. They are now threatening to break up the European Payments Union and to force “convertibility” on their terms, thus exposing British finance to a further strain.^(f)

They have had help from the U.S.A.—\$5,650m. since the currency reform; the costs of carrying the armies of occupation (some of which helped German consumer industries, at some 600m. D.M. were less than the likely costs of re-armament (some 950m. D.M.). They now look, as we have seen, for further aid in the form of investment from the U.S.A. and also from Switzerland, where large sums were banked during the war as a “hedge” against an allied victory.

In regard to wages policy, they have allowed earnings to rise for those in work, though hours have been long and trade union practices hardly observed. But pressure is being brought to bear now on living standards. One of the means used to increase German export surpluses “has been a sizable reduction in the consumption of food per head” (*Banker*, March 1954). At the same time, handsome tax remissions have been proposed for German industry and owners of property (*Financial Times*, 6.3.54). In fact, the old pattern reasserts itself.

The menace is not only to exports and full employment in other countries but also to peace. For these are the economic bases—and reasons—for German expansion which has three times in 80 years exploded in bloody war.

(f) See “Does Germany want to wreck the E.P.U.?” *Statist*, March 6th; *Banker*, March 1954.